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18 states refuse to run insurance pools for those with preexisting conditions

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Eighteen states have said they will not administer a stopgap program to provide insurance coverage to people whose preexisting conditions have left them uninsured, forcing the federal government to do the work.

The states' decisions increase the challenge the government faces as it sets out to translate the far-reaching health-care legislation into action, and they hint at the complexities to come.

At issue is a provision to extend temporary relief to people with preexisting medical conditions beginning this year, instead of making them wait until 2014, when insurers will be prohibited from turning people away or charging higher premiums based on health status. The health-care law sets aside \$5 billion for the "high-risk pools."

Health and Human Services Secretary [Kathleen Sebelius](#) told state officials last month that she wanted to build on state programs, and she asked state governments to let her know by April 30 whether they would run the pools at the state level.

As of Monday, 29 states plus the District of Columbia had said they would do so, and 18 said they would leave the job to HHS. Others were undecided.

Some governors said they were unwilling to take on the task because it appears that Congress has allocated too little money.

Meanwhile, it was unclear how soon coverage will be available. The pools will be funded by July 1, but the earliest enrollment dates will vary, depending on such factors as whether states must first adopt new laws or regulations, said Jay Angoff, director of the HHS Office of Consumer Information and Insurance Oversight.

"There's not a date certain," Angoff said. "Some states will be able to come up with this more quickly than others."

The health-care law says that the high-risk pools are meant to give people with preexisting conditions "immediate access to insurance," and it requires that they be established within 90 days of the law's March enactment. To qualify, individuals must have been uninsured for six months. The premiums are supposed to match those for a "standard population." Out-of-pocket expenses will be capped -- in the case of individuals, at \$5,950.

The states that declined to administer risk pools are Alabama, Delaware, Florida, Georgia, Hawaii, Idaho, Indiana, Louisiana, Minnesota, Mississippi, Nebraska, Nevada, North Dakota, South Carolina, Tennessee, Texas, Virginia and Wyoming, according to HHS.

Most of those states are led by Republican governors. Three of them -- Delaware, Tennessee, and Wyoming -- are led by Democratic governors. Florida's governor was elected as a Republican but is now running for a Senate seat as an independent.

HHS has been exploring the possibility of hiring nonprofit insurance companies to operate the pools.

Most states already have high-risk pools, but they can be prohibitively expensive and they generally do not meet the new federal requirements.

The chief actuary at the Centers for Medicare and Medicaid Services has predicted that the \$5 billion allotted for the new program will run out as early as next year.

In a letter Friday to Sebelius, Virginia Gov. [Robert F. McDonnell](#) (R) said the state, which will not establish its own high-risk pool, estimates that the \$113 million in federal funds available to it will be used up within 22 months. Virginia's secretary of health and human resources, William A. Hazel Jr., said Monday that setting up the pools "is an enormously complicated undertaking."

Maryland opted to run its own high-risk pool. John M. Colmers, the state's secretary of health and mental hygiene, said he did not know if federal funding would be sufficient, but he said the fact that Maryland already has such a pool might mean that the new demand will not be as heavy.

If funds run out, state and federal governments could face difficult choices: reduce benefits, raise premiums or limit enrollment.

"I don't think any of those options are very attractive," said Jean P. Hall, an associate research professor studying the matter at the University of Kansas. If it comes to that, "I strongly suspect that they will come up with more money."